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U.S. DEPARTMENT OF COMMERCE

International Trade Administration

Mining Equipment and Mining Services Business Development Trade Mission to Zacatecas,

Mexico, June 1- 2, 2015

AGENCY: International Trade Administration, Department of Commerce

ACTION: Notice

MISSION DESCRIPTION

The International Trade Administration is coordinating with the State of Zacatecas to organize a trade mission to Zacatecas, Mexico from June 1-2, 2015. This business development mission will promote U.S. exports to Mexico by helping export-ready U.S. companies launch or increase their business in the Mining Equipment and Mining Services sector.

Participating firms will gain market information, make business and government contacts, solidify business strategies, and/or advance specific projects. In each of these targeted sectors, participating U.S. companies will meet with prescreened local partners, agents, distributors, representatives, and licensees. The agenda will also include meetings with high-level local government officials, networking opportunities, country briefings, and seminars.

The delegation will be composed of representatives of 10-15 U.S. firms in the mission's target sector.

COMMERCIAL SETTING

Overview

Mexico is the United States' second-largest export market (after Canada) and third-largest trading partner (after Canada and China). In fact, the United States exports more to Mexico than to Brazil, Russia, India and China (BRIC) combined. With a World Bank Ease of Doing Business rank more favorable than that of any of the BRIC countries, this fast growing market, right on our doorstep, offers a wealth of opportunities for U.S. companies. Twenty-two U.S. states depend on Mexico as their first or second destination for exports and more than \$1.25 billion in goods and services are traded between the United States and Mexico every day, supporting millions of jobs in both countries. Mexico and the United States together with Canada comprise one of the most competitive and successful regional economic platforms in the world.

Mexico is the most populous Spanish-speaking country in the world with a population of 115 million, over half of whom are members of the upper and middle class. With a shared Western and Hispanic culture, U.S. producers find it easier to market and sell their services and products in Mexico. This may account for the fact that more than 18,000 U.S. companies have operations in Mexico, investing \$150 billion in Mexico since 2000 and more than 54,000 U.S. companies currently export goods to Mexico. The mission supports the federal government's Look South initiative, which encourages U.S. companies to explore opportunities in the United States' 11 free trade agreement partner (FTA) countries in Latin America. These markets share with Mexico high economic growth rates and market-liberalizing reforms, making Mexico a potential stepping stone to wider regional demand for mining equipment in countries like Chile, Colombia, and Peru.

INDUSTRY SECTOR

Mining and Mining Equipment

In the last five years, mining has been one of the five most promising sectors in Mexico's economy. In fact, the mining sector accounts for 4.9% of Mexico's GDP¹ and employs nearly 337,598 people. According to a report from INEGI (Mexico's Geography and Statistics Agency) for 2012, Mexico's total production of mining materials reached USD\$23 billion, 14% higher than 2011. Mexico's mining sector invested USD\$8.43 billion, which is 30% more than 2011. Mexico's mining sector produces 23 different commodities, the major ones being gold, silver and copper.

In 2011, Mexico was the world's largest producer of silver and second largest producer of the mineral fluorite. There is a lot of interest from foreign firms to invest in Mexico based primarily on the vast mining resources scattered around the country's territory. Experts say that only 34% of the country has been exploited and a few foreign companies are taking part in the benefits of this low rate of competition. In 2012, Mexico's overall FDI was USD\$12 billion and USD\$627.7 million was invested in the mining sector², representing 4.96%³. For 2013, combined FDI from 2007 is expected to reach USD\$25.2 billion.

Zacatecas

The state economy, thus far in 2014, is maintaining a GDP growth rate of 4.5% compared to 2.2% for Mexico. Agriculture and mining remain the state's largest industry sectors, but in recent

¹ Reforma daily, Business supplement Oct 2012

² CANIMEX 2012 Report, Mexico's Mining Situation

³ CEEFP, House of Representatives. Mexico

years, the state has successfully attracted investments in the aerospace and automotive industries.

In 2013, in terms of production, mining output from Zacatecas ranks second among Mexican states. Currently, Zacatecas is Mexico's largest producer of silver, lead and zinc, the second largest producer of copper and the third largest producer of gold. Canadians are the largest group of foreign investors followed by the U.S.

Best Prospect Products and Services

- Antioxidants;
- Conveyors;
- Crushers, Feeders, Sizers;
- Cutting Equipment;
- Dewatering Systems and parts;
- Drilling Systems;
- Dust Control Equipment;
- Flotation Machines;
- Hydraulic Excavators and Cutters;
- Loaders Back Hole;
- Lubricants (High Performance);
- Portable roadways;
- Power Generators;
- Pumps;
- Safety Devices;

- Shovels and Loaders;
- Temporary Flooring;
- Tire Service;
- Tires and tire pressure monitors;
- Ventilation Equipment;
- Waste Water Treatment Plants;
- Water Filtration;
- Wear Prevention.

MISSION GOALS

This mission will demonstrate the United States' commitment to a sustained economic partnership with Mexico. The mission's purpose is to support the business development goals of U.S. firms as they construct a firm foundation for future business in Mexico and specifically aims to:

- Assist in identifying potential partners and strategies for U.S. companies to gain access to the Mexican market for the Mining Equipment and Mining Services sector.
- Confirm U.S. government support for the promotion of U.S. exports to Mexico, a region full of potential opportunity but not yet served by a trade mission.
- Organize focused events with local government, business and association leaders capable of becoming partners and clients for U.S. firms as they develop their business in Mexico.

MISSION SCENARIO

The mission will stop in Zacatecas, Mexico. In Zacatecas, participants will meet with pre-screened potential agents, distributors, and representatives, as well as other business partners and government officials. They will also attend market briefings by United States Embassy officials, as well as networking events offering further opportunities to speak with local business and industry decision-makers.

PROPOSED TIME TABLE

May 31	Zacatecas	<ul style="list-style-type: none">• Arrival• Overnight in Zacatecas, Mexico
June 1	Zacatecas	<ul style="list-style-type: none">• Orientation provided by U.S. Commercial Service• Industry & Commercial Briefings by U.S. Commercial Service and Under Secretary of Economic Development, State of Zacatecas• Mine site tours – underground and open pit• Networking Reception hosted by the Governor of Zacatecas• Overnight in Zacatecas
June 2	Zacatecas	<ul style="list-style-type: none">• Individual One-on-One Company Appointments
June 3	Zacatecas	<ul style="list-style-type: none">• Departure

PARTICIPATION REQUIREMENTS

All parties interested in participating in the Trade Mission to Zacatecas, Mexico must complete and submit an application package for consideration by the Department of Commerce. All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. Approximately 10-15 companies will be selected to participate in the mission from the applicant pool. U.S. companies doing business in Mexico, as well as U.S. companies seeking to enter the Mexican market for the first time, may apply.

Fees and Expenses:

After a company has been selected to participate on the mission, a payment to the Department of Commerce in the form of a participation fee is required. The fee schedule for the mission is below:

- \$2000 for large firms
- \$1500 for a small or medium-sized enterprises (SMEs)⁴
- \$700 each additional firm representative

Expenses for air travel, lodging, some meals, local transportation, and incidentals will be the responsibility of each mission participant.

⁴ An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see http://www.sba.gov/services/contracting_opportunities/sizestandardtopics/index.html). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html> for additional information).

Conditions of Participation:

An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. If the Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications.

Each applicant must also certify that:

- The goods and/or services it seeks to export through the mission are either produced in the United States, or, if not, contain at least 51% U.S. content;
- The export of its goods, software, technology, and services would be in compliance with U.S. export control laws and regulations, including those administered by the Department of Commerce's Bureau of Industry and Security;
- It has identified any matter pending before any bureau or office of the Department of Commerce;
- It has identified any pending litigation (including any administrative proceedings) to which it is a party that involves the Department of Commerce;
- It and its affiliates (1) have not and will not engage in the bribery of foreign officials in connection with its involvement in this Mission, and (2) maintain and enforce a policy that prohibits the bribery of foreign officials; and
- It meets the minimum requirements as stated in this announcement.

Selection Criteria for Participation: Selection will be based on the following criteria, listed in decreasing order of importance:

- Suitability of a company's products or services to the Mexican market and the likelihood of a participating company's increased exports to or business interests in the target markets as a result of this mission;
- Demonstrated export-readiness; and
- Consistency of company's products or services with the scope and desired outcome of the mission's goals.

Additional factors, such as balance of company size, type, location, and demographics, may also be considered during the review process.

TIMEFRAME FOR RECRUITMENT AND APPLICATIONS

Recruitment will begin immediately and conclude no later than Friday, April 10, 2015. The Department of Commerce will evaluate applications and inform applicants of selection decisions on a rolling basis. Applications received after the deadline will be considered only if space and scheduling constraints permit.

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